Medicaid and CHIP are crucial parts of the social safety net, providing health insurance coverage to more than half of all children ages 0–21 in D.C.¹ and a third of children nationally.² Without these two programs, more than 97,000 children in the District would have been uninsured in 2010.³ New research indicates that compared with the uninsured, Medicaid recipients are more likely to seek medical treatment, report better physical and mental health and experience less financial stress.⁴ Protecting Medicaid/CHIP is extremely important to safeguarding the health and well-being of our most vulnerable children. The difficult fiscal environment currently facing both D.C. and the federal government will almost certainly impact the future of public health insurance coverage for children and their families.

What are Medicaid and CHIP?
Medicaid is a health insurance program for low-income Americans. The Children’s Health Insurance Program (CHIP) is a health insurance program for children in families whose income level does not qualify them for Medicaid. D.C. uses CHIP funds to expand the Medicaid program, which is known locally as D.C. Healthy Families. Because the program rules and requirements are the same, the programs will be referred to jointly as Medicaid/CHIP.

DID YOU KNOW?

52.3% of D.C. children ages 0–21 were enrolled in Medicaid/CHIP in 2009.⁵

Medicaid covers 32.3% of all D.C. residents, a higher proportion than in any other state.⁶

In D.C. the average Medicaid/CHIP spending per enrolled child was $2,740 in FY 2007.⁷

This policy snapshot was produced in partnership with the D.C. Department of Health Care Finance. We thank the agency for providing information and data. For more information, please contact Kate Kairys, Policy Analyst at DC Action for Children, at kkairys@dckids.org.
How are the programs funded and how much do they cost?
Both programs are funded jointly by the federal government and individual states, with the federal government matching the state spending at specified matching rates. The current matching rate for Medicaid in D.C. is 70 percent, meaning that for every one dollar D.C. spends on qualified Medicaid services, it receives $0.70 from the federal government.\(^\text{15}\) The current enhanced matching rate for CHIP is 79 percent.\(^\text{16}\)

In FY 2010, spending on the D.C. Medicaid program (adults and children) totaled $1.9 billion, nearly 80 percent of which ($1.5 billion) was paid by the federal government.\(^\text{17}\) In FY 2007, the average Medicaid/CHIP spending per enrolled child was $2,740.\(^\text{18}\)

What services are provided?
The benefit package for children in Medicaid is called Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), known to providers and beneficiaries in D.C. as “HealthCheck.” It is available to all enrolled children and youth under age 21, covering a broad range of services including medical, dental, hearing and vision screenings. EPSDT also guarantees treatment for services deemed “medically necessary” by a child’s health care provider.

How does Medicaid/CHIP provide coverage?
D.C. Medicaid/CHIP provides coverage through managed care and fee-for-service.
delivery systems. In managed care, the D.C. Department of Health Care Finance pays a monthly rate to Managed Care Organizations (MCOs) for each person enrolled. Most (nearly 90 percent) of children in D.C. Medicaid/CHIP are in one of two MCOs: Chartered Health Plan or United Healthcare and a plan for special needs children, Health Services for Children with Special Needs. In the fee-for-service (FFS) system, health care providers are directly paid by the Department of Health Care Finance. Very few children are enrolled in FFS, except for children in foster care or those who are wards of the state.

Regardless of program type, most Medicaid/CHIP services are free for beneficiaries (including well-baby and well-child care and immunizations) and there are no premiums. For children, there are no co-payments.

Are children getting the services they need?
Enrollment in Medicaid/CHIP alone does not guarantee a child’s well-being, nor does coverage guarantee that a child will receive treatment. Nationally, access to primary and preventative care is high among both privately and publicly insured children, but a shortage of providers makes it more difficult for children to access oral health and specialty care. Limited data are available on children’s access to treatment in the District, but available data indicate that this pattern is true for D.C. children. In the future, measuring access may be enhanced by states’ participation in reporting data on a core set of quality measures for children enrolled in Medicaid/CHIP.

Compared to the national average, more D.C. children receive the recommended initial and periodic HealthCheck screenings, but the percentage of children not receiving these screenings is still high. In FY 2009, 68 percent of eligible D.C. children who should have received at least one HealthCheck screening did so, compared to 64 percent nationally. Usage of the Medicaid/CHIP dental services is low. In FY 2009, 35.8 percent of eligible D.C. children received preventative dental treatment, compared to 34.7 percent nationally.

Pediatric specialists are unevenly distributed across the city, and D.C. parents report having more difficulty accessing specialists than parents nationally. In particular, there is lack of pediatric mental health specialists in Wards 7 and 8.

How has the recession affected children on Medicaid/CHIP?
States received additional Medicaid assistance from the federal government under the American Recovery and Reinvestment Act (ARRA). D.C. received an additional nine cents for every one dollar spent on Medicaid through December 2010 and between four and six additional cents per dollar from January 2011 through June 2011. All ARRA reimbursements expired on June 30, 2011.

As a condition of receiving the increased federal funds, states could not adopt more restrictive Medicaid eligibility rules and enrollment procedures, which insulated Medicaid and CHIP programs from state budget cuts. As a result, D.C. Medicaid/CHIP insured more children in 2010 than in 2008.

How does health care reform affect Medicaid?
As a condition of receiving federal funding for its Medicaid program, the Affordable Care Act (the 2010 health care reform) requires that states maintain current eligibility and enrollment policies until 2019. This “maintenance of effort” requirement further insulates children against losing coverage in a time of state- and federal-level fiscal constraints.

How might federal budget negotiations affect children in Medicaid/CHIP?
Changes to Medicaid that result from federal budget negotiations are likely to result in a greater financial burden on the District and the states, which will have to make choices about whether to increase local Medicaid spending to cover any lost federal contribution or to restrict Medicaid by limiting eligibility and benefits.

Under the recent deal to raise the nation’s debt ceiling, Medicaid will not be cut as part of the initial spending reductions. However, cuts to Medicaid are possible in the second round of reductions, which a special congressional committee will recommend by Thanksgiving 2011. Recommendations are likely to include adopting a single federal matching rate for each state and limiting taxes that states charge health care providers and hospitals as a way of offsetting Medicaid costs. If a deal is not reached or adopted, then government spending will be reduced by $1.2 trillion, but Medicaid would not be affected.
1. Calculation is for June 2009 enrollment, based on point-in-time Medicaid and CHIP enrollment data from the Kaiser Family Foundation (statehealthfacts.org) and 2009 single year population estimates from the U.S. Census Bureau.


5. See endnote 1. Medicaid eligibility is determined by the D.C. Department of Human Services, Income Maintenance Administration. In 2009, 24,870 children applied for and were determined to eligible for Medicaid/CHIP. In 2010, that number had decreased to 73,009.


8. See endnote 1.

9. See endnote 3.


17. Ibid. Table 6.


19. See endnote 16, Table 8.

20. D.C. also provides health insurance to qualifying immigrant children through a locally funded program with the same benefits as Medicaid MCOs.


26. Ibid.

27. See endnote 23.

28. See endnote 15.
